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system as governments look to reform their regimes for the long term, complying with new OECD guidelines, whilst significantly clamping down on multinationals in light of ...

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New research shows that 2014 saw many fundamental changes across the global tax system as governments look to reform their regimes for the long term, complying with new OECD guidelines, whilst significantly clamping down on multinationals in light of increasing public media scrutiny. The research was undertaken by Taxand,

remain competitive with other countries to secure inward investment and economic prosperity. Multinationals appear to be caught up at the centre of this complex tax landscape and must ensure they have a voice in determining the future of global tax system, before they are stuck with it for many decades to come."

The Taxand 2014 Tax Milestone Survey asked advisors from various countries to reveal the three most pertinent tax changes introduced in their countries during the year, the vast majority of which relate to government clampdowns on multinationals, the OECD's BEPS initiative, and VAT reforms. Below we outline key global tax trends:

Multinational Clampdown

It is unsurprising that in the current tax environment, some of the key tax changes identified by advisors across the globe involve actions taken by governments to clampdown on tax planning activity.

Developments in the U.S. epitomize this trend, particularly through the ongoing debate around corporate inversions. Advisors in the US identified the new IRS rules on inversions, issued in September, as the most significant tax development in the jurisdiction this year. The new rules impose stricter requirements for conducting an inversion deal, although many see the government's actions as a further move to create an unfavorable environment for business.

Evidence of government crackdown on tax planning is evident elsewhere across the globe. This has been particularly prevalent in transfer pricing with advisors in France naming the strengthening of TP documentation requirements as one of the key developments during the year. Equally in Luxembourg, transfer pricing changes were identified – particularly the provisions made in October which allow the tax authorities to adjust the taxable base following certain transactions.

Companies operating in Switzerland have also been pushed towards greater

- Wide reform of the tax system in Spain through the new Corporate Income Tax Law
- Review of local preferential tax treatment in China
- New repair regulations in the U.S. providing significant new guidance on fixed asset capitalization
- Changes to participation exemption and CFC rules in Spain
- Tax loss restrictions for banks in the UK
- FATCA implementation in the US, significantly impacting reporting requirements for foreign entities

BEPS

As 2014 saw the OECD's BEPS initiative move into its implementation phase across the globe, it's no surprise that advisors saw these developments as amongst the most noteworthy.

Advisors in Switzerland identified the importance of seeing how the BEPS requirements will be incorporated into the country's Corporate Tax Reform III, whilst also ensuring that the country remains internationally competitive, through the lowering of corporate income tax rates.

BEPS was also identified as a key development in Spain and China, particularly the focus on cross-border transactions. Multinationals are particularly looking forward to seeing how the cross-border guidelines will be incorporated at country level.

The UK faces a similar dilemma and also identified BEPS as a key development, particularly country-by-country reporting requirements. However, competitiveness has also been a key theme, with advisors pointing to the continued lowering of the corporate income tax rate as a way of making the UK attractive as a holding company location from which to base trading activity.

VAT